EXHIBIT A

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______________ to ______________

Commission file number: 001-32698

MGT CAPITAL INVESTMENTS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**13-4148725**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2076 Foster Mill Drive
LaFayette, GA 37028
(Address of principal executive offices)

(914) 630-7430
(Registrant's telephone number, including area code)

Shares registered pursuant to section 12(b) of the Act: None.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S–T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non–accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b–2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b–2 of the Exchange Act).

Yes ☐ No ☒

As of December 13, 2023, there were 805,170,903 shares of the registrant's Common stock, $0.001 par value per share, issued and outstanding.

MGT CAPITAL INVESTMENTS, INC.
FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2023

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

MGT CAPITAL INVESTMENTS, INC.
CONDENSED BALANCE SHEETS
(Dollars in thousands, except per-share amounts)

	September 30, 2023 (Unaudited)	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	$ 24	$ 288
Restricted cash	250	250
Accounts receivable	28	-
Intangible digital assets	7	11
Prepaid expenses and other current assets	-	4
Total current assets	309	553
Non-current assets		
Property and equipment, at cost, net	975	1,098
Right of use asset, operating lease, net of accumulated amortization	-	-
Investment - Available for sale	-	-
Other assets	-	3
Total assets	$ 1,284	$ 1,654
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 427	$ 11
Accrued expenses and other payables	116	115
Convertible note payable, net of discount	774	82
Note payable, net of discount	-	200
Note payable, related party	20	
Deferred revenue	-	30
Operating lease liability	96	-
Derivative liability	1,771	3,223
Warrant derivative liability	1,407	1,727
Total current liabilities	4,611	5,388
Non-current liabilities		
Security deposit	269	-
Operating lease liability	44	-
Total liabilities	4,924	5,388
Commitments and Contingencies (Note 9)		
Stockholders' Equity		
Undesignated preferred stock, $0.001 par value, 8,489,800 shares authorized. No shares issued and outstanding at September 30, 2023 and December 31, 2022.	-	-
Series B preferred stock, $0.001 par value, 10,000 shares authorized. No shares issued or outstanding at September 30, 2023 and December 31, 2022.	-	-
Series C convertible preferred stock, $0.001 par value, 200 share authorized. 0 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	-	-
Common stock to be issued		-

Common stock, $0.001 par value; 2,500,000,000 shares authorized; 797,170,903 and 703,770,903 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively.	797	704
Additional paid-in capital	422,148	421,468
Accumulated deficit	(426,585)	(425,906)
Total stockholders' equity	(3,640)	(3,734)
Total Liabilities and Stockholders' Equity	$ 1,284	$ 1,654

The accompanying notes are an integral part of these unaudited condensed financial statements

MGT CAPITAL INVESTMENTS, INC.
CONDENSED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per-share amounts)
(Unaudited)

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Revenue				
Bitcoin mining	$ 17	$ 27	$ 57	$ 152
Hosting services	75	119	240	533
Total revenue	92	146	297	685
Operating expenses				
Cost of revenue	128	224	355	1,523
General and administrative	256	394	1,011	1,180
Total operating expenses	384	618	1,366	2,703
Operating loss	(292)	(472)	(1,069)	(2,018)
Other non-operating income (expense)				
Interest expense	(23)	(5)	(68)	(5)
Interest income	2	1	2	3
Change in fair value of warrant derivative liability	250	(4,109)	166	(3,517)
Change in fair value of derivative liability	1,080	(6,318)	1,324	(6,318)
Loss on settlement of derivative	47	(178)	(215)	(757)
Accretion of debt discount	(373)	(5,339)	(715)	(5,339)
Gain (loss) on settlement of debt	10	(48)	10	-
Gain on sale of property and equipment	-	-	70	-
Loss on Lease Incentive	-	-	(184)	-
Other income	-	52	-	52
Total non-operating income (expense)	993	(15,944)	390	(15,881)
Net loss attributable to common stockholders	$ 701	$ (16,416)	$ (679)	$ (17,899)
Per-share data				
Basic and diluted loss per share	$ 0.00	$ (0.02)	$ (0.00)	$ (0.03)
Weighted average number of common shares outstanding	782,953,512	678,439,035	745,942,962	650,748,844

The accompanying notes are an integral part of these unaudited condensed financial statements

MGT CAPITAL INVESTMENTS, INC.
CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Dollars in thousands, except per-share amounts)
(Unaudited)

	Preferred Stock		Common Stock		Common stock to be issued	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' (Deficit) Equity
	Shares	Amount	Shares	Amount				
Balance at January 1, 2023		$ -	703,770,903	$ 704		$ 421,468	$ (425,906)	$ (3,734)
Cashless exercise of warrants and extinguishment of related warrant derivative liability	-	-	20,000,000	20		180		200
Net loss	-	-					(3,798)	(3,798)
Balance at March 31, 2023 (unaudited)	-	$ -	723,770,903	$ 724	$ -	$ 421,648	$ (429,704)	$ (7,332)
Cashless exercise of warrants and extinguishment of related warrant derivative liability	-	-	20,000,000	20		80		100
Issuance of shares in respect of lease agreement			10,000,000	10		110		120
Net income	-	-					2,418	2,418
Balance at June 30, 2023 (unaudited)	-	-	753,770,903	754	-	421,838	(427,286)	(4,694)
Cashless exercise of warrants and extinguishment of related warrant derivative liability			11,400,000	11		58		69
Issuance of shares in respect of lease agreement	-	-	12,000,000	12		132		144
Conversion of convertible note into Common Stock	-	-	20,000,000	20		120		140
Net loss							701	701
Balance at September 30, 2023 (unaudited	-	$ -	797,170,903	$ 797	$ -	$ 422,148	$ (426,585)	$ (3,640)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' (Deficit) Equity
	Shares	Amount	Shares	Amount				
Balance at January 1, 2022		$ -	606,970,903	$ 607	$ -	$ 420,450	$ (419,928)	$ 1,129
Cashless exercise of warrants and extinguishment of related warrant derivative liability	-	-	34,000,000	34	0	554	-	588
Net loss	-	-		-	-	-	(1,518)	(1,518)
Balance at March 31, 2022 (unaudited)	-	$ -	640,970,903	$ 641	$ -	$ 421,004	$ (421,446)	$ 199

Cashless exercise of warrants and extinguishment of related warrant derivative liability	-	-	10,000,000	10	70	120	-	200
Net income	-	-		-			35	35
Balance at June 30, 2022 (unaudited)	-	-	650,970,903	651	70	421,124	(421,411)	434
Issuance of common stock and warrants	-	-	32,800,000	33	(70)	164		127
Cashless exercise of warrants and extinguishment of related warrant derivative liability	-	-	20,000,000	20		180		200
Net loss							(16,416)	(16,416)
Balance at September 30, 2022 (unaudited	-	$ -	703,770,903	$ 704	$ -	$ 421,468	$ (437,827)	$ (15,655)

The accompanying notes are an integral part of these unaudited condensed financial statements

MGT CAPITAL INVESTMENTS, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(Dollars in thousands, except per-share amounts)
(Unaudited)

	For the Nine Months Ended September 30, 2023	2022
Cash Flows From Operating Activities		
Net loss	$ (679)	$ (17,899)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	192	147
Gain on sale of property and equipment	(70)	-
Gain on settlement of debt	(10)	-
Change in fair value of warrant derivative liability	(166)	3,517
Change in fair value of derivative liability	(1,324)	6,318
Loss on settlement of derivative	215	757
Loss on lease incentive	184	
Accretion of debt discount	715	5,339
Change in operating assets and liabilities		
Accounts receivable	(28)	145
Prepaid expenses and other current assets	4	113
Intangible digital assets	4	(5)
Other assets	3	(3)
Operating lease liability	-	1
Accounts payable	416	336
Accrued expenses	1	(95)
Contract liability	(30)	33
Security deposit	269	(140)
Net cash used in operating activities	(304)	(1,436)
Cash Flows From Investing Activities		
Purchase of property and equipment	-	(68)
Net cash provided by (used in) investing activities	-	(68)
Cash Flows From Financing Activities		
Proceeds from issuance of stock under lease agreement	220	-
Proceeds from convertible note payable	-	1,335
Proceeds from sale of stock under equity purchase agreement, net of issuance costs	-	228
Repayment of loan payable	(200)	(71)
Proceeds from notes payable, related party	20	-
Proceeds from loans payable	-	33
Net cash provided by financing activities	40	1,525
Net change in cash and cash equivalents	(264)	21
Cash and cash equivalents and restricted cash, beginning of period	538	1,230
Cash and cash equivalents and restricted cash, end of period	$ 274	$ 1,251
Supplemental disclosure of cash flow information		
Cash paid for interest	$ -	$ -
Cash paid for income tax	$ -	$ -
Non-cash investing and financing activities		
Conversion of notes payable into common stock	140	-
Settlement of warrants with Common Stock	69	-

Cashless exercise of warrants and extinguishment of related warrant derivative liability	$ 300	$ 988
Discount related to convertible promissory note	$ -	$ 1,500
Derivative liabilities related to convertible debt and warrants	$ -	$ 6,761
Accounts payable settled with loan payable	$ -	$ 38

The accompanying notes are an integral part of these unaudited condensed financial statements

MGT CAPITAL INVESTMENTS, INC.
NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
(Dollars in thousands, except per–share amounts)

Note 1. Organization and Basis of Presentation

Organization

MGT Capital Investments, Inc. (“MGT” or the “Company”) is a Delaware corporation incorporated in 2000. MGT was originally incorporated in Utah in 1977. MGT’s corporate office is in LaFayette, Georgia.

Cryptocurrency mining

Current Operations

MGT conducts cryptocurrency activities at a company-owned and managed Bitcoin mining facility in LaFayette, Georgia. Located adjacent to a utility substation, the several-acre property has access to about 20 megawatts (MW) of electrical power, half of which is presently utilized by the Company. Business activities are comprised of self-mining operations, providing hosting services, and leasing space to third parties.

As of September 30, 2023 and December 13, 2023, the Company owned 35 Antminer S19 Pro miners, providing about 3 Ph/s in hash power for self-mining. We also offer third-party owners of miners a hosting service whereby MGT operates and maintains the miners for a fixed monthly fee. MGT’s miners and those hosted for others are housed in a modified shipping container on the Company’s owned property in Georgia.

The entire facility, including the land and improvements, five 2500 KVA 3-phase transformers, and three mining containers, are owned by MGT. Since April 2023, a single tenant is renting our property and electrical infrastructure to use for Bitcoin mining. The tenant has provided, at its cost, the approximately 2,000 miners and 9 containers needed for its activities. In addition, the tenant pays for its electricity consumption.

These measures improve utilization of our fixed asset base and better insulate us against the volatility of self- mining Bitcoin. The Company is exploring the 10 MW expansion potential at its current property as well as investigating other sites to develop Bitcoin mining facilities.

Basis of presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and with the instructions to Form 10–Q and Rule 8 of Regulation S–X. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States of America. However, in the opinion of the management of the Company, all adjustments necessary for a fair presentation of the financial position and operating results have been included in these statements. These unaudited condensed financial statements should be read in conjunction with the financial statements and notes thereto included in the Company’s Annual Report on Form 10–K for the fiscal year ended December 31, 2022, as filed with the Securities and Exchange Commission (“SEC”) on March 31, 2023. Operating results for the three and nine months ended September 30, 2023 and 2022 are not necessarily indicative of the results that may be expected for any subsequent quarters or for the year ending December 31, 2023.

COVID-19 Pandemic

The COVID-19 pandemic has disrupted and may continue to disrupt our operations and those of our vendors, suppliers and other third parties on which we rely, and we may not be able to obtain new miners or replacement parts for our existing miners in a timely or cost-effective manner, which could materially and adversely affect our business and results of operations.

The extent to which COVID-19 impacts our operations or our ability to obtain financing will depend on future developments which are uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions taken by governments and private businesses to contain COVID-19 to treat its impact, among others. If the disruptions posed by COVID-19 continue for an extended period of time, financial markets may not be available to the Company for raising capital in order to fund future growth. Should the Company not be able to obtain financing in the amounts necessary or under terms which are economically feasible, we may be required to reduce planned future growth and/or the scope of our operations.

Inflation

Electricity and other prices are vulnerable to inflation which may increase the Company's mining costs and operating expenses.

Note 2. Going Concern and Management's Plans

The accompanying unaudited condensed financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As of September 30, 2023, the Company had incurred significant operating losses since inception and continues to generate losses from operations. As of September 30, 2023, the Company had an accumulated deficit of $426,585. As of September 30, 2023 MGT's cash and cash equivalents were $274, of which $250 is restricted.

The Company will require additional funding to grow its operations. Further, depending upon operational profitability, the Company may also need to raise additional funding for ongoing working capital purposes. There can be no assurance however that the Company will be able to raise additional capital when needed, or at terms deemed acceptable, if at all. The Company's ability to raise additional capital is impacted by the volatility of Bitcoin mining economics and the SEC's ongoing enforcement action against our Chief Executive Officer, both of which are highly uncertain, cannot be predicted, and could have an adverse effect on the Company's business and financial condition.

Since January 2022, the Company has secured working capital through the issuance of a convertible note, the sale of equity and warrants, and the sale of assets.

Such factors raise substantial doubt about the Company's ability to sustain operations for at least one year from the issuance of these unaudited condensed financial statements. The accompanying unaudited condensed financial statements do not include any adjustments related to the recoverability and classification of asset amounts or the classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 3. Summary of Significant Accounting Policies

Use of estimates and assumptions and critical accounting estimates and assumptions

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and also affect the amounts of revenues and expenses reported for each period. Actual results could differ from those which result from using such estimates. Management utilizes various other estimates, including but not limited to determining the estimated lives of long-lived assets, stock compensation, determining the potential impairment of long-lived assets, the fair value of conversion features, fair value of warrants issued, the recognition of revenue, the valuation allowance for deferred tax assets and other legal claims and contingencies. The results of any changes in accounting estimates are reflected in the financial statements in the period in which the changes become evident. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the period that they are determined to be necessary.

Cash and cash equivalents

The Company considers all highly liquid instruments with an original maturity of three months or less when acquired to be cash equivalents. The Company's combined accounts were $274 and $538 as of September 30, 2023 and December 31, 2022, respectively. Accounts are insured by the FDIC up to $250 per financial institution. The Company has not experienced any losses in such accounts with these financial institutions. As of September 30, 2023, and December 31, 2022, the Company had $0 and $37, respectively, in excess of the FDIC insurance limit.

Cryptocurrencies

Cryptocurrencies, (including bitcoin and bitcoin cash) are included in current assets in the accompanying balance sheets. Any cryptocurrencies purchased are recorded at cost and cryptocurrencies awarded to the Company through its mining activities are accounted for in connection with the Company's revenue recognition policy disclosed in this note.

Cryptocurrencies held are accounted for as intangible assets with indefinite useful lives. An intangible asset with an indefinite useful life is not amortized but assessed for impairment annually, or more frequently, when events or changes in circumstances occur indicating that it is more likely than not that the indefinite-lived asset is impaired. Impairment exists when the carrying amount exceeds its fair value, which is measured using the quoted price of the cryptocurrency at the time its fair value is being measured.

In testing for impairment, the Company has the option to first perform a qualitative assessment to determine whether it is more likely than not that an impairment exists. If it is determined that it is not more likely than not that an impairment exists, a quantitative impairment test is not necessary. If the Company concludes otherwise, it is required to perform a quantitative impairment test. To the extent an impairment loss is recognized, the loss establishes the new cost basis of the asset. Subsequent reversal of impairment losses is not permitted.

Any purchases of cryptocurrencies by the Company are included within investing activities in the accompanying statements of cash flows, while cryptocurrencies awarded to the Company through its mining activities are included within operating activities on the accompanying statements of cash flows. The sales of cryptocurrencies are included within investing activities in the accompanying statements of cash flows and any realized gains or losses from such sales are included in other income (expense) in the statements of operations. The Company accounts for its gains or losses in accordance with the first in first out (FIFO) method of accounting.

Halving – The Bitcoin blockchain and the cryptocurrency reward for solving a block is subject to periodic incremental halving. Halving is a process designed to control the overall supply and reduce the risk of inflation in cryptocurrencies using a Proof-of-Work consensus algorithm. At a predetermined block, the mining reward is cut in half, hence the term "Halving." A Halving for bitcoin occurred on May 12, 2020, with a revised reward payout of 6.25 Bitcoin per block. Many factors influence the price of Bitcoin and potential increases or decreases in prices in advance of or following a future halving is unknown.

The following table presents the activities of digital currencies for the periods ended September 30, 2023 and December 31, 2022:

Digital currencies at January 1, 2022	$ -
Additions of digital currencies from mining	169
Realized gain on sale of digital currencies	(2)
Sale of digital currencies	(156)
Digital currencies at December 31, 2022	11
Additions of digital currencies from mining	57
Realized loss on sale of digital currencies	3
Sale of digital currencies	(64)
Digital currencies at September 30, 2023	$ 7

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight–line method on the various asset classes over their estimated useful lives, which range from one to ten years when placed in service. The cost of repairs and maintenance is expensed as incurred; major replacements and improvements are capitalized. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in income in the year of disposition. Deposits on property and equipment are initially classified as Other Assets and upon delivery, installation and full payment, the assets are classified as property and equipment on the balance sheet.

Leases

The Company accounts for its leases under ASC 842, Leases. Under this guidance, arrangements meeting the definition of a lease are classified as operating or financing leases and are recorded on the balance sheet as both a right of use asset and lease liability, calculated by discounting fixed lease payments over the lease term at the rate implicit in the lease or the Company's incremental borrowing rate. Lease liabilities are increased by interest and reduced by payments each period, and the right of use asset is amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right of use asset result in straight-line rent expense over the lease term. Variable lease expenses, if any, are recorded when incurred.

Derivative Instruments

Derivative financial instruments are recorded in the accompanying balance sheets at fair value in accordance with ASC 815. When the Company enters into a financial instrument such as a debt or equity agreement (the "host contract"), the Company assesses whether the economic characteristics of any embedded features are clearly and closely related to the primary economic characteristics of the remainder of the host contract. When it is determined that (i) an embedded feature possesses economic characteristics that are not clearly and closely related to the primary economic characteristics of the host contract, and (ii) a separate, stand-alone instrument with the same terms would meet the definition of a financial derivative instrument, then the embedded feature is bifurcated from the host contract and accounted for as a derivative instrument. The estimated fair value of the derivative feature is recorded in the accompanying balance sheets separately from the carrying value of the host contract. Subsequent changes in the estimated fair value of derivatives are recorded as a gain or loss in the Company's statements of operations.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever facts or circumstances either internally or externally may suggest that the carrying value of an asset may not be recoverable, should there be an indication of impairment, we test for recoverability by comparing the estimated undiscounted future cash flows expected to result from the use of the asset to the carrying amount of the asset or asset group. Any excess of the carrying value of the asset or asset group over its estimated fair value is recognized as an impairment loss.

Segment Reporting

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly as the company reviews financial information. The Company currently operates in the Digital Currency Blockchain segment with our mining facility located in the United States. The Company also provides hosting services which are also located in the United States. The Company has employees only in the United States and views its operations as one operating segment as management reviews financial information on a consolidated basis in making decisions regarding resource allocations and assessing performance.

Revenue recognition

Cryptocurrency mining

The Company recognizes revenue under Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers, ("ASC 606"). The core principle of the revenue standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when the Company satisfies a performance obligation

In order to identify the performance obligations in a contract with a customer, a company must assess the promised goods or services in the contract and identify each promised good or service that is distinct. A performance obligation meets ASC 606's definition of a "distinct" good or service (or bundle of goods or services) if both of the following criteria are met: The customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e., the good or service is capable of being distinct), and the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e., the promise to transfer the good or service is distinct within the context of the contract).

If a good or service is not distinct, the good or service is combined with other promised goods or services until a bundle of goods or services is identified that is distinct.

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. When determining the transaction price, an entity must consider the effects of all of the following:

- Variable consideration
- Constraining estimates of variable consideration
- The existence of a significant financing component in the contract
- Noncash consideration
- Consideration payable to a customer

Variable consideration is included in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The transaction price is allocated to each performance obligation on a relative standalone selling price basis. The transaction price allocated to each performance obligation is recognized when that performance obligation is satisfied, at a point in time or over time as appropriate.

The Company has entered into digital asset mining pools by agreeing to terms and conditions, as amended from time to time, with the mining pool operators to provide computing power to the mining pool. The contracts are terminable at any time by either party and the Company's enforceable right to compensation only begins when the Company provides computing power to the mining pool operator. In exchange for providing computing power, the Company is entitled to a fractional share of the fixed cryptocurrency award the mining pool operator receives (less digital asset transaction fees to the mining pool operator which are recorded as a component of cost of revenues), for successfully adding a block to the Blockchain. The terms of the agreement provide that neither party can dispute settlement terms after thirty-five days following settlement. The Company's fractional share is based on the proportion of computing power the Company contributed to the mining pool operator to the total computing power contributed by all mining pool participants in solving the current algorithm.

Providing computing power to solve complex cryptographic algorithms in support of the Bitcoin Blockchain (in a process known as "solving a block") is an output of the Company's ordinary activities. The provision of providing such computing power is the only performance obligation in the Company's agreements with mining pool operators. The transaction consideration the Company receives, if any, is noncash consideration, which the Company measures at fair value on the date received, which is not materially different than the fair value at contract inception or the time the Company has earned the award from the pools. The consideration is all variable. Because it is not probable that a significant reversal of cumulative revenue will not occur, the consideration is constrained until the mining pool operator successfully places a block (by being the first to solve an algorithm) and the Company receives confirmation of the consideration it will receive, at which time revenue is recognized. There is no significant financing component in these transactions.

Fair value of the cryptocurrency award received is determined using the quoted price of the related cryptocurrency at the time of receipt. There is currently no specific definitive guidance under GAAP or alternative accounting framework for the accounting for cryptocurrencies recognized as revenue or held, and management has exercised significant judgment in determining the appropriate accounting treatment. In the event authoritative guidance is enacted by the Financial Accounting Standards Board ("FASB"), the Company may be required to change its policies, which could have an effect on the Company's financial position and results from operations.

Hosting Revenues

We receive revenues from third parties renting capacity at our facility and from hosting miners owned by others. The Company recognized $75 and $240 from these sources during the three and nine months ended September 30, 2023, respectively. The Company recognized $119 and $533 from these sources during the three and nine months ended September 30, 2022, respectively. During the three and nine months ended September 30, 2023, two customers accounted for 100% and 91%, respectively, of hosting revenue. During the three and nine months ended September 30, 2022, two customers accounted for 91% and 79%, respectively, of hosting revenue.

Income taxes

The Company accounts for income taxes in accordance with ASC 740, "Income Taxes". ASC 740 requires an asset and liability approach for financial accounting and reporting for income taxes and established for all the entities a minimum threshold for financial statement recognition of the benefit of tax positions and requires certain expanded disclosures. The provision for income taxes is based upon income or loss after adjustment for those permanent items that are not considered in the determination of taxable income. Deferred income taxes represent the tax effects of differences between the financial reporting and tax basis of the Company's assets and liabilities at the enacted tax rates in effect for the years in which the differences are expected to reverse. The Company evaluates the recoverability of deferred tax assets and establishes a valuation allowance when it is more likely than not that some portion or all the deferred tax assets will not be realized. Management makes judgments as to the interpretation of the tax laws that might be challenged upon an audit and cause changes to previous estimates of tax liability. In management's opinion, adequate provisions for income taxes have been made. If actual taxable income by tax jurisdiction varies from estimates, additional allowances or reversals of reserves may be necessary.

Income (loss) per share

Basic income (loss) per share is calculated by dividing net income (loss) applicable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share is calculated by dividing the net income (loss) attributable to common shareholders by the sum of the weighted average number of common shares outstanding plus potential dilutive common shares outstanding during the period. Potential dilutive securities, comprised of unvested restricted shares, convertible debt, convertible preferred stock, stock warrants and stock options, are not reflected in diluted net income (loss) per share because such potential shares are anti–dilutive due to the Company's net income (loss).

Accordingly, the computation of diluted income per share for the three months and nine months ended September 30, 2023 excludes 767,057,562 shares issuable upon the exercise of outstanding warrants and 378,442,891 shares issuable upon the conversion of debt. The computation of diluted loss per share for the three and nine months ended September 30, 2022 excludes 682,912,940 shares issuable upon the exercise of outstanding warrants and 335,488,026 shares issuable upon the conversion of convertible notes payable.

Fair Value Measure and Disclosures

ASC 820 "Fair Value Measurements and Disclosures" provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Fair value is defined as an exit price, representing the amount that would be received upon the sale of an asset or payment to transfer a liability in an orderly transaction between market participants. Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. A three-tier fair value hierarchy is used to prioritize the inputs in measuring fair value as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable, either directly or indirectly.
- Level 3 Significant unobservable inputs that cannot be corroborated by market data.

As of September 30, 2023 and December 31, 2022, the Company had Level 3 financial instruments related to derivative liabilities related to the issuance of warrants and convertible debt.

Management's evaluation of subsequent events

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the review, other than what is described in Note 11 – Subsequent Events, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the unaudited condensed financial statements.

Recent accounting pronouncements

Management does not believe that any recently issued, but not yet effective accounting pronouncements, when adopted, will have a material effect on the accompanying financial statements, other than what is disclosed below.

On January 1, 2023, the Company adopted ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. In addition, CECL made changes to the accounting for available for sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available for sale debt securities if management does not intend to sell and does not believe that it is more likely than not, they will be required to sell. The adoption of ASU 2016-13 did not have a material impact on the Company's financial statements.

In August 2020, the FASB issued Accounting Standards Update ("ASU") 2020-06, *"Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815 – 40)"* ("ASU 2020-06"). ASU 2020-06 simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. The ASU is part of the FASB's simplification initiative, which aims to reduce unnecessary complexity in U.S. GAAP. The ASU's amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. The Company is currently evaluating the impact ASU 2020-06 will have on its financial statements.

Note 4. Property, Plant, and Equipment and Other Assets

Property and equipment consisted of the following:

	As of	
	September 30, 2023	December 31, 2022
Land	$ 55	$ 55

Computer hardware and software	10	10
Bitcoin mining machines	70	274
Infrastructure	1,185	1,185
Containers	403	403
Property and equipment, gross	1,723	1,927
Less: Accumulated depreciation	(748)	(829)
Property and equipment, net	$ 975	$ 1,098

The Company recorded depreciation expense of $68 and $192 for the three and nine months ended September 30, 2023, respectively. The Company recorded depreciation expense of $50 and $147 for the three and nine months ended September 30, 2022, respectively. For the three and nine months ended September 30, 2023, respectively, gains on sale of property and equipment of $0 and $70, respectively, were recorded as other non-operating income. There were no sales of equipment in the nine month period ended September 30, 2022. For the three and nine months ended September 30, 2023, we exchanged all our S17 miners which were fully depreciated for 35 S19 miners, which resulted in a gain of $0 and $70, respectively.

Other Assets consisted of the following:

	As of	
	September 30, 2023	December 31, 2022
Security deposits	$ -	$ 3
Other Assets	$ -	$ 3

The Company paid $3 related to its office lease in Raleigh, NC which was returned to us in the nine months ended September 30, 2023.

Note 5. Notes Payable

September 2022 Note

On September 12, 2022, the Company entered into a securities purchase agreement, pursuant to which the Company received $1,335 in exchange for the issuance of a secured convertible promissory note (the "September 2022 Note") in the principal amount of $1,500 with an original issue discount of $165. Any time prior to a change of control transaction, the September 2022 Note is convertible into 30% of the outstanding shares of the Company's common stock on the conversion date on a post-conversion basis (the "Conversion Shares"). The September 2022 Note matures December 31, 2023 and bears interest at a rate of 6% per annum. The September 2022 Note provides for customary events of default, the occurrence of which would result in 110% the principal and other accrued amounts outstanding under the September 2022 Note to become immediately due and payable, with the interest rate increasing to 12%.

At inception the Company recorded a debt discount of $1,500 and non-cash interest as accretion of debt discount of $5,324. During 2022, the Company recorded additional accretion of debt discount of $82, and the total accretion of debt discount for the year ended December 31, 2022 was $5,406. During the three and nine months ended September 30, 2023, the Company recorded accretion of debt discount of $373 and $715, respectively.

Additionally, the Company issued to the lender three series of warrants (collectively, the "Warrants"). Each of the Series of Warrants is exercisable into 60% of the Conversion Shares and has a term of three years. The Warrants have exercise prices as follows:

- Series X Warrant, the lower of $0.02 and 120% of the closing price on the date of issuance;
- Series Y Warrant, the lower of $0.04 and 150% of the closing price on the date of issuance; and
- Series Z Warrant, the lower of $0.06 and 200% of the closing price on the date of issuance.

The Company has previous warrants outstanding whereby it cannot conclude that it has enough authorized and unissued shares to satisfy the settlement requirements for those already outstanding warrants. As a result, the equity environment would be considered tainted, and the conversion feature and the attached warrants are treated as derivative liabilities.

On July 25, 2023, the lender converted $65 of the September 2022 Note into 20,000,000 shares of Common Stock with a fair value of $140. As a result of the conversion of the $65 of the September 2022 Note, net of $43 of debt discount and the settlement of $118 of the related derivative liability, the Company recorded $10 as a gain on the settlement of debt.

In addition to the conversion, the Company issued 36,000,000 warrants to purchase shares of Common Stock, with exercise prices of $0.0083, $0.0104, $0.0138 each for 12,000,000 warrants. The warrants are exercisable at any time and have a three-year exercise period. As the Company has previous warrants outstanding whereby it cannot conclude that it has enough authorized and unissued shares to satisfy the settlement requirements for those already outstanding warrants. As a result, the equity environment would be considered tainted, and the conversion feature and the attached warrants are treated as derivative liabilities.

Derivative Liabilities

The Company valued the derivative liability relating to the embedded conversion feature using the Monte Carlo Simulation Method because of the unknown stock price at the future time of conversion. The Monte Carlo Simulation was calculated using the following assumptions:

	September 30, 2023	December 31, 2022
Stock price	$ 0.004	$ 0.004
Term (years)	0.25	1.00
Annual volatility	122.99%	152.48%
Annual expected return	11.85%	11.89%
Discount rate	5.47%	4.73%
Dividend yield	0%	0%

The Company's activity in its convertible debt related derivative liability was as follows for the nine months ended September 30, 2023:

Balance of derivative liability at January 1, 2022	$ -
Transfer in due to issuance of warrants with embedded conversion features	4,207
Change in fair value of derivative liability	(984)
Balance of derivative liability at December 31, 2022	3,223
Settlement of derivative liability at debt conversion	128
Change in fair value of derivative liability	(1324)
Balance of derivative liabilities at September 30, 2023	$ 1,771

As of September 30, 2023, the fair value of the derivative liability was $1,771 and for the three and nine months ended September 30, 2023 the Company recorded a gain of $1,080 and $1,324, respectively, from the change in fair value of derivative liability as non-operating income in the statements of operations. There was no outstanding derivative liability relating to convertible debt outstanding for the three and nine months ended September 30, 2022.

Warrant Derivative Liabilities

As of September 30, 2023, the fair value of the warrant derivative liabilities was $1,407, and for the three and nine months ended September 30, 2023, the Company recorded a gain of $250 and of $166, respectively, from the change in fair value of derivative warrant liability as non-operating expense in the statements of operations. The Company valued the warrant derivative liabilities other than the warrants issued as part of the debt financing using the Black-Scholes option pricing model using the following assumptions as of September 30, 2023: 1) stock price of $0.004, 2) exercise prices of $0.03 - 0.12, 3) remaining lives of 2.05 – 2.81 years, 4) dividend yields of 0%, 5) risk free rates of 4.82 – 5.03%, and 6) volatility of 157.7 – 174.4 %. The Company valued the warrant derivative liability relating to warrants issued in the 2022 debt financing using the binomial lattice model because of the variable exercise price with the following assumptions as of September 30, 2023: 1) stock price of $0.004, 2) remaining life of 1.95 years, 3) dividend yield of 0%, 4) risk free rate of 5.03%, and 5) volatility of 157.94%.

As of December 31, 2022, the fair value of the warrant derivative liabilities was $1,727 and for the year ended December 31, 2022 the Company recorded a gain of $1,726 from the change in fair value of derivative warrant liability as non-operating income in the statements of operations. The Company valued the warrant derivative liabilities other than the warrants issued as part of the debt financing using the Black-Scholes option pricing model using the following assumptions as of December 31, 2022: 1) stock price of $0.004, 2) exercise prices of $0.03 - 0.12, 3) remaining lives of 2.60 – 3.56 years, 4) dividend yields of 0%, 5) risk free rates of 4.22%, and 6) volatility of 166.3 - 174.3%. The Company valued the warrant derivative liability relating to warrants issued in the 2022 debt financing using the binomial lattice model because of the variable exercise price with the following assumptions as of December 31, 2022: 1) stock price of $0.004, 2) remaining life of 2.70 years, 3) dividend yield of 0%, 4) risk free rate of 4.22%, and 5) volatility of 174%.

The Company's activity in its warrant derivative liabilities was as follows for the nine months ended September 30, 2023:

Balance of warrant derivative liability at January 1, 2022	$	1,130
Transfer in due to issuance of warrants with embedded conversion features		2,554
Transfer out upon conversion of convertible notes and warrants with embedded conversion provisions		(231)
Change in fair value of warrant derivative liability		(1,726)
Balance of derivative liability at December 31, 2022		1,727
Transfer out upon conversion of convertible notes and warrants with embedded conversion provisions		(154)
Transfer in due to issuance of warrants		215
Change in fair value of warrant liability		(381)
Balance of warrant derivative liabilities at September 30, 2023	$	1,407

The Company recorded a gain on settlement of derivative liability in the amount of $47 and a loss of $215 for the three and nine months ended September 30, 2023, respectively. The Company recorded loss on settlement of derivative liability in the amount of $178 and $757 for the three and nine months ended September 30, 2022.

Fluctuations in the Company's stock price are a primary driver for the changes in the derivative valuations during each reporting period. As the stock price increases for each of the related derivative instruments, the value to the holder of the instrument generally increases, therefore increasing the liability on the Company's balance sheet. Additionally, stock price volatility is one of the significant unobservable inputs used in the fair value measurement of each of the Company's derivative instruments. The simulated fair value of these liabilities is sensitive to changes in the Company's expected volatility. Increases in expected volatility would generally result in higher fair value measurement. A 10% change in pricing inputs and changes in volatilities and correlation factors would not result in a material change in our Level 3 fair value.

	September 30, 2023			
	Level 1	Level 2	Level 3	Fair Value
Liabilities				
Derivative liability	$ -	$ -	$ 1,771	$ 1,771
Warrant derivative liability	$ -	$ -	$ 1,407	$ 1,407

	December 31, 2022			
	Level 1	Level 2	Level 3	Fair Value
Liabilities				
Derivative liability	$ -	$ -	$ 3,223	$ 3,223
Warrant derivative liability	$ -	$ -	$ 1,727	$ 1,727

Note 6. Loans Payable

As part of a payment to the City of LaFayette, the bank erroneously created a note payable in the amount of $200 in respect of the payment instead of drawing funds from the Company's account at the bank. The note bore no interest and did not have a maturity date. The note was settled with funds from the Company's account on January 3, 2023.

In September 2023, an executive loaned the Company $20. The loan bears no interest and the maturity date has not been set.

Note 7. Leases

In December 2019, the Company entered a new office lease in connection with the relocation of its executive office to Raleigh, North Carolina. The Company accounted for its new office lease as an operating lease under the guidance of Topic 842. Rent expense under the new lease is $3 per month, with annual increases of 3% during the three-year term. The Company used an incremental borrowing rate of 29.91% based on the weighted average effective interest rate of its outstanding debt. At lease inception, the Company recorded a Right of Use Asset of $79 and a corresponding Lease Liability of $79. The Company terminated this lease in the fourth quarter of 2022.

On November 1, 2021, the Company entered into a lease agreement to lease a contiguous portion of land to its existing property, as a planting area for trees intended to mitigate noise from the Company's cryptocurrency mining operations. The agreement calls for yearly installments of $3 for the first five years, with an option to extend this lease for another five-year period at a rate not to exceed 105% of the current lease payment. On each anniversary date, the Company will pay $3 in advance, with payment for the first year paid upon execution of the lease. The Company used an incremental borrowing rate of 8.0% based on the interest rate incorporated in the most recent promissory note. At lease inception, the Company recorded a Right of Use Asset of $22 and a corresponding Lease Liability of $22. The Company terminated this lease in the fourth quarter of 2022. As a result of the termination, the Company recorded a loss on the early termination of a land lease in the amount of $8.

The Company did not record rent expense for the three and nine months ended September 30, 2023. The Company recorded rent expense of $9 and $29 for the three and nine months ended September 30, 2022, respectively.

Note 8. Common Stock and Preferred Stock

<u>Common stock</u>

Common Stock Issuances

On August 5, 2022, the Company issued 22,800,000 shares of common stock and 22,800,000 warrants to purchase common stock for consideration of $228.

During the year ended December 31, 2022, 18,380,379 warrants with an embedded conversion feature were exercised on a cashless basis for the issuance of 74,000,000 shares of common stock.

During the three months ended March 31, 2023, 4,157,044 warrants with an embedded conversion feature were exercised on a cashless basis for the issuance of 20,000,000 shares of common stock.

During the three months ended June 30, 2023, 2,217,090 warrants with an embedded conversion feature were exercised on a cashless basis for the issuance of 20,000,000 shares of common stock.

During the three months ended June 30, 2023, 10,000,000 shares of common stock were issued in respect of the Lease Agreement (See Note 9).

During the three months ended September 30, 2023, 22,800,000 warrants were settled with the issuance of 11,400,000 shares of common stock.

During the three months ended September 30, 2023, 12,000,000 shares of common stock were issued in respect of the Lease Agreement (See Note 9).

During the three months ended September 30, 2023, 20,000,000 shares of common stock were issued for the partial conversion of the September 2022 Note. (See Note 5)

Preferred Stock

On January 11, 2019, the Company's Board of Directors approved the authorization of 10,000 shares of Series B Preferred Stock with a par value of $0.001 and a Stated Value of $100 each ("Series B Preferred Shares"). The holders of the Series B Preferred Shares shall be entitled to receive, when, as, and if declared by the Board of Directors of the Company, out of funds legally available for such purpose, dividends in cash at the rate of 12% of the Stated Value per annum on each Series B Preferred Share. Such dividends shall be cumulative and shall accrue without interest from the date of issuance of the respective share of the Series B Preferred Shares. Each holder shall also be entitled to vote on all matters submitted to stockholders of the Company and shall be entitled to 55,000 votes for each Series B Preferred Share owned at the record date for the determination of stockholders entitled to vote on such matter or, if no such record date is established, at the date such vote is taken or any written consent of stockholders is solicited. In the event of a liquidation event, any holders of the Series B Preferred Shares shall be entitled to receive, for each Series B Preferred Shares, the Stated Value in cash out of the assets of the Company, whether from capital or from earnings available for distribution to its stockholders. The Series B Preferred Shares are not convertible into shares of the Company's common stock. No shares of Series B Preferred Shares have been issued or are outstanding.

On April 12, 2019, the Company's Board of Directors approved the authorization of 200 Series C Preferred Shares with a par value of $0.001 ("Series C Preferred Shares"). The holders of the Series C Preferred Shares have no voting rights, receive no dividends, and are entitled to a liquidation preference equal to the stated value. At any time, the Company may redeem the Series C Preferred Shares at 1.2 times the stated value. Given the right of redemption is solely at the option of the Company, the Series C Preferred Shares are not considered mandatorily redeemable, and as such are classified in shareholders' equity on the Company's balance sheet.

Each Series C Preferred Share is convertible into shares of the Company's common stock in an amount equal to the greater of: (a) 200,000 shares of common stock or (b) the amount derived by dividing the stated value by the product of 0.7 times the market price of the Company's common stock, defined as the lowest trading price of the Company's common stock during the ten-day period preceding the conversion date. The holder may not convert any Series C Preferred Shares if the total amount of shares held, together with holdings of its affiliates, following a conversion exceeds 9.99% of the Company's common stock. During 2019 and 2020, 190 Series C Preferred Shares were issued and subsequently converted into Common Shares. No shares of Series C Preferred Shares are currently issued and outstanding.

Warrants

On August 5, 2022, the Company sold 22,800,000 shares of common stock and issued three warrants, each to purchase 7,600,000 shares of common stock for consideration of $228,000. Subject to the terms and adjustments in the Warrants, the Warrants are exercisable at initial prices of $0.03, $0.06, and $0.12 per share, for three years from August 5, 2022. On July 20, 2023, these warrants were extinguished with the issuance of 11,400,000 shares of common stock. As a result, we recorded a gain of $46 on the settlement of the warrants and the related warrant derivative liability.

During the year ended December 31, 2022, 18,380,379 warrants were exercised on a cashless basis for the issuance of 74,000,000 shares of common stock. Upon cashless exercise, the Company calculated the fair value of derivative liability on warrants of $231, compared it to the fair value of 74,000,000 shares of $988 and recorded a loss on extinguishment of $757. The Company valued the warrant derivative liability using the Black-Scholes option pricing model using the following assumptions on the date of each exercise: 1) stock prices of $0.007 - $0.019, 2) exercise prices of $0.05, 3) remaining lives of 3.5 – 4.2 years, 4) dividend yields of 0%, 5) risk free rates of 1.53% -3.79%, and 6) volatility of 169.28% - 175.6%.

During the six months ended June 30, 2023, 6,374,134 warrants were exercised on a cashless basis for the issuance of 40,000,000 shares of common stock. Upon cashless exercise, the Company calculated the fair value of derivative liability on warrants of $38, compared it to the fair value of 40,000,000 shares of $300 and recorded a loss on extinguishment of $262. The Company valued the warrant derivative liability using the Black-Scholes option pricing model using the following assumptions on the date of exercise: 1) stock price of $0.01-0.05, 2) exercise price of $0.05, 3) remaining life of 2.7-3.1 years, 4) dividend yield of 0%, 5) risk free rate of 3.76-4.17%, and 6) volatility of 171.4-181.8%.

The following table summarizes information about shares issuable under warrants outstanding during the nine months ended September 30, 2023:

	Warrant shares outstanding	Weighted average exercise price	Weighted average remaining life	Intrinsic value
Outstanding at January 1, 2022	74,614,871	$ 0.05	4.47	-
Issued	626,329,010	0.07	3.00	-
Exercised	(18,380,379)	0.05	-	-
Expired or cancelled	-	-	-	-
Outstanding and exercisable at December 31, 2022	682,563,502	0.06	4.47	-
Issued	113,668,194	0.01	-	-
Exercised	(29,174,134)	0.07	-	-
Expired or cancelled	-	-	-	-
Outstanding and exercisable at September 30, 2023	767,057,562	$ 0.03	2.75	-

(*) Of the 626,329,010 warrants issued during the year ended December 31, 2022 and 682,563,502 warrants outstanding and exercisable at December 31, 2022, the weighted average exercise price and weighted average remaining life was not included for 603,529,010 warrants because their amount and exercise price is variable. In addition, 77,668,194 warrants issued during the nine months ended September 30, 2023, are a result of an adjustment to the number of X, Y and Z warrants, as a result of the terms of the agreement. See Note 5 for the exercise prices of Series X, Y, and Z warrants. Series X, Y, and Z warrants expire on September 11, 2025.

Note 9. Commitments and Contingencies

On March 16, 2023 the Company entered into a partnership agreement (the "Partnership Agreement") and a property lease agreement (the "Lease Agreement", and together with the Partnership Agreement, collectively, the "Agreement") with another cryptocurrency mining company ("Tenant"). Pursuant to the Lease Agreement, the Company agreed to lease to Tenant portions of the Company's six acre mining facility in Lafayette, GA in increments of up to 10 spaces that are 40 feet in length and eight feet in height each ("Spaces"), together with related utilities access including electricity of up to one megawatt ("MW") per Space, for deploying mining equipment, in exchange for rental payments of $5 per Space per month (provided the Spaces are powered) and payment of the electricity costs and deposit requirements arising from the Spaces. In connection with the Lease Agreement, Tenant agreed to make an initial deposit of $229 for the initial electricity deployment for five MW.

Pursuant to the Partnership Agreement, the Company agreed to issue Tenant 500,000 shares its common stock per month for each rented Space (the "Monthly Issuances"), and to also issue an additional number of shares of common stock annually equal to 100% of the Monthly Issuances for the applicable year (the "Annual Issuances," and together with the Monthly Issuances, collectively, the "Issuances"). Further, pursuant to the Partnership Agreement, the Company provided Tenant with the option (the "Option") to lend MGT up to $1 million evidenced by a convertible promissory note that is convertible into 25% of the Company's outstanding common stock, assuming all $1 million is lent, on a pro-forma, post-issuance basis (the "Note"), together with an accompanying warrant to purchase 60% of the shares of common stock underlying the Note (the "Warrant"). The terms of the Note and Warrant would be substantially similar to the September 2022 Note and accompanying warrants that were issued by the Company along with that note. If the Option is exercised, the parties may elect to substitute the $1 million purchase price, in whole or in part, with equipment and infrastructure improvements to enable the Company to have access to up to an additional 10 MWs of electricity to the facility's currently available electrical power capacity. The Company's facility currently has electrical capacity of up to 10 MW. The Agreement has a term of 24 months.

The Company considered the terms of the Option under ASC 815 and concluded that the Option is a non-option embedded derivative with no initial fair value and would not require bifurcation from the host contract. ASC 606 states that consideration payable to a customer should be recorded as a direct reduction to the transaction price. Therefore, the Company determined the transaction should be accounted for on a net basis, and the fair value of the equity should be recorded as a direct deduction from rental revenue. The Company determined that the share issuances would be treated as lease incentives and ASC 842-10-30-5 requires lease incentives to be recorded as a reduction of fixed payments when determining lease payments. The Company concluded that the equity portion of the agreement should be recorded at fair value on the grant date. Upon recording the equity at fair value at the time of issuance and taking into consideration that revenue should be reduced by the fair value of equity, the Company determined that the fair value of the equity exceeds the total cash to be received based on the fair value of the contract at the date of issuance, resulting in a contract loss at inception.

Total lease payments to be received			$	920,000
Total shares		**FMV on grant date**		
184,000,000	x	0.006		1,104,000
Loss at Inception			$	(184,000)

The Company applied the guidance under ASU 2021-05 and determined that it would be appropriate to account for the entire loss at commencement and recognize that loss as a future equity commitment. The loss is based on the difference between the amount of cash to be received under the contract and the fair value of the stock to be issued under the contract. At lease inception, the Company recorded a lease incentive loss of $184 and recorded an operating lease liability in the corresponding amount. The lease liability will be reduced over the lease term period in conjunction with the issuance of the shares. During the nine months ended September 30, 2023, the Company received $220, issued 22 million shares of common stock and reduced the lease liability by $44.

Legal proceedings

From time-to-time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. During the period covered by this report, there were no material changes to the description of legal proceedings set forth in our Annual Report on Form 10-K, as filed with the SEC on March 31, 2023.

Electricity Contract

MGT's prior electricity agreement with the City of LaFayette expired on September 30, 2021. The Company and City of LaFayette are currently operating on a month-to-month basis without a contract.

Note 10. Employee Benefit Plans

The Company maintains defined contribution benefit plans under Section 401(k) of the Internal Revenue Code covering substantially all qualified employees of the Company (the "401(k) Plan"). Under the 401(k) Plan, the Company may make discretionary contributions of up to 100% of employee contributions. During the nine months ended September 30, 2023 and 2022, the Company made contributions to the 401(k) Plan of $6 and $3, respectively.

Note 11. Subsequent Events

Subsequent to the balance sheet date, the Company issued 8,000,000 shares to Minerset Farms in accordance with the terms of its Partnership Agreement (See Note 9).

Item 2. Management's discussion and analysis of financial condition and results of operations

This Quarterly Report on Form 10–Q contains forward–looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward–looking statements. The statements contained herein that are not purely historical are forward–looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward–looking statements are often identified by the use of words such as, but not limited to, "anticipate," "estimates," "should," "expect," "guidance," "project," "intend," "plan," "believe" and similar expressions or variations intended to identify forward–looking statements. These statements are based on the beliefs and assumptions of our management based on information currently available to management. Such forward–looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward–looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included in our Annual Report on Form 10–K for the fiscal year ended December 31, 2022 as filed with the Securities and Exchange Commission ("SEC") on March 31, 2023, in addition to other public reports we filed with the SEC. The forward–looking statements set forth herein speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward–looking statements to reflect events or circumstances after the date of such statements.

Executive summary

MGT Capital Investments, Inc. ("MGT" or the "Company") is a Delaware corporation that was incorporated in Delaware in 2000. MGT was originally incorporated in Utah in 1977. MGT's corporate office is in LaFayette, Georgia.

All dollar figures set forth in this Quarterly Report on Form 10-Q are in thousands, except per-share amounts.

Current Operations

MGT conducts cryptocurrency activities at a company-owned and managed Bitcoin mining facility in LaFayette, Georgia. Located adjacent to a utility substation, the several-acre property has access to about 20 megawatts (MW) of electrical power, half of which is presently utilized by the Company. Business activities are comprised of self-mining operations, providing hosting services, and leasing space to third parties.

As of September 30, 2023 and December 13, 2023, the Company owned 35 Antminer S19 Pro miners, providing about 3 Ph/s in hash power for self-mining. We also offer third-party owners of miners a hosting service whereby MGT operates and maintains the miners for a fixed monthly fee. MGT's miners and those hosted for others are housed in a modified shipping container on the Company's owned property in Georgia.

The entire facility, including the land and improvements, five 2500 KVA 3-phase transformers, and three mining containers, are owned by MGT. Since April 2023, a single tenant is renting our property and electrical infrastructure to use for Bitcoin mining. The tenant has provided, at its cost, the approximately 2,000 miners and 9 containers needed for its activities. In addition, the tenant pays for its electricity consumption directly to the City utility.

These measures improve utilization of our fixed asset base and better insulate us against the volatility of self- mining Bitcoin. The Company is exploring the 10 MW expansion potential at its current property as well as investigating other sites to develop Bitcoin mining facilities.

Critical accounting policies and estimates

Our discussion and analysis of financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The notes to the unaudited condensed financial statements contained in this Quarterly Report describe our significant accounting policies used in the preparation of the unaudited condensed financial statements. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. We continually evaluate our critical accounting policies and estimates.

We believe the critical accounting policies listed below reflect significant judgments, estimates and assumptions used in the preparation of our unaudited condensed financial statements.

Revenue recognition

Cryptocurrency mining

The Company recognizes revenue under Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers, ("ASC 606"). The core principle of the revenue standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when the Company satisfies a performance obligation

In order to identify the performance obligations in a contract with a customer, a company must assess the promised goods or services in the contract and identify each promised good or service that is distinct. A performance obligation meets ASC 606's definition of a "distinct" good or service (or bundle of goods or services) if both of the following criteria are met: The customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e., the good or service is capable of being distinct), and the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e., the promise to transfer the good or service is distinct within the context of the contract).

If a good or service is not distinct, the good or service is combined with other promised goods or services until a bundle of goods or services is identified that is distinct.

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. When determining the transaction price, an entity must consider the effects of all of the following:

- Variable consideration
- Constraining estimates of variable consideration
- The existence of a significant financing component in the contract
- Noncash consideration
- Consideration payable to a customer

Variable consideration is included in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The transaction price is allocated to each performance obligation on a relative standalone selling price basis. The transaction price allocated to each performance obligation is recognized when that performance obligation is satisfied, at a point in time or over time as appropriate.

The Company has entered into digital asset mining pools by agreeing to terms and conditions, as amended from time to time, with the mining pool operators to provide computing power to the mining pool. The contracts are terminable at any time by either party and the Company's enforceable right to compensation only begins when the Company provides computing power to the mining pool operator. In exchange for providing computing power, the Company is entitled to a fractional share of the fixed cryptocurrency award the mining pool operator receives (less digital asset transaction fees to the mining pool operator which are recorded as a component of cost of revenues), for successfully adding a block to the Blockchain. The terms of the agreement provide that neither party can dispute settlement terms after thirty-five days following settlement. The Company's fractional share is based on the proportion of computing power the Company contributed to the mining pool operator to the total computing power contributed by all mining pool participants in solving the current algorithm.

Providing computing power to solve complex cryptographic algorithms in support of the Bitcoin Blockchain (in a process known as "solving a block") is an output of the Company's ordinary activities. The provision of providing such computing power is the only performance obligation in the Company's agreements with mining pool operators. The transaction consideration the Company receives, if any, is noncash consideration, which the Company measures at fair value on the date received, which is not materially different than the fair value at contract inception or the time the Company has earned the award from the pools. The consideration is all variable. Because it is not probable that a significant reversal of cumulative revenue will not occur, the consideration is constrained

until the mining pool operator successfully places a block (by being the first to solve an algorithm) and the Company receives confirmation of the consideration it will receive, at which time revenue is recognized. There is no significant financing component in these transactions.

Fair value of the cryptocurrency award received is determined using the quoted price of the related cryptocurrency at the time of receipt. There is currently no specific definitive guidance under GAAP or alternative accounting framework for the accounting for cryptocurrencies recognized as revenue or held, and management has exercised significant judgment in determining the appropriate accounting treatment. In the event authoritative guidance is enacted by the Financial Accounting Standards Board ("FASB"), the Company may be required to change its policies, which could have an effect on the Company's financial position and results from operations.

Hosting Revenues

We receive revenues from third parties renting capacity at our facility and from hosting miners owned by others. The Company recognized $75 and $240 from these sources during the three and nine months ended September 30, 2023, respectively. The Company recognized $119 and $533 from these sources during the three and nine months ended September 30, 2022, respectively. During the three and nine months ended September 30, 2023, two customers accounted for 100% and 91%, respectively, of hosting revenue.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight–line method on the various asset classes over their estimated useful lives, which range from one to ten years when placed in service. The cost of repairs and maintenance is expensed as incurred; major replacements and improvements are capitalized. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in income in the year of disposition. Deposits on property and equipment are initially classified as Other Assets and upon delivery, installation and full payment, the assets are classified as property and equipment on the balance sheet.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever facts or circumstances either internally or externally may suggest that the carrying value of an asset may not be recoverable, should there be an indication of impairment, we test for recoverability by comparing the estimated undiscounted future cash flows expected to result from the use of the asset to the carrying amount of the asset or asset group. Any excess of the carrying value of the asset or asset group over its estimated fair value is recognized as an impairment loss.

Derivative Instruments

Derivative financial instruments are recorded in the accompanying balance sheets at fair value in accordance with ASC 815. When the Company enters into a financial instrument such as a debt or equity agreement (the "host contract"), the Company assesses whether the economic characteristics of any embedded features are clearly and closely related to the primary economic characteristics of the remainder of the host contract. When it is determined that (i) an embedded feature possesses economic characteristics that are not clearly and closely related to the primary economic characteristics of the host contract, and (ii) a separate, stand-alone instrument with the same terms would meet the definition of a financial derivative instrument, then the embedded feature is bifurcated from the host contract and accounted for as a derivative instrument. The estimated fair value of the derivative feature is recorded in the accompanying balance sheets separately from the carrying value of the host contract. Subsequent changes in the estimated fair value of derivatives are recorded as a gain or loss in the Company's statements of operations.

Recent accounting pronouncements

See Note 3 to our unaudited condensed financial statements appearing in Part I, Item 1 of this Quarterly Report for Recent Accounting Pronouncements.

Results of operations

Three months ended September 30, 2023 and 2022

Revenues

Our revenues for the three months September 30, 2023 decreased by $54, or 37%, to $92 as compared to $146 for the three months ended September 30, 2022. Our revenue is derived from cryptocurrency mining, which totaled $17 for the three months ended September 30, 2023 and $27 during the three months ended September 30, 2022. The decrease in mining revenues for this period is due to a decrease in miners from the previous year.

We also receive revenues from third parties renting capacity at our facility and from hosting miners owned by others. The company recognized $75 and $119 during the three months ended September 30, 2023 and 2022, respectively. The decrease in hosting revenues for this period is due to a decrease in customers from the previous year.

Because our revenue is dependent upon mining and related activities with respect to Bitcoin, and the price and market for Bitcoin and other cryptocurrencies remain volatile and uncertain due to numerous factors including the lack of widespread acceptance of Bitcoin, regulatory actions that have or may be implemented or considered with respect thereto, and general economic conditions including the potential for a recession in the near term, management cannot predict, estimate or advise with certainty the revenue trends that the Company may experience in its current or any future operations following the periods covered in this Report.

Operating Expenses

Operating expenses for the three months ended September 30, 2023 decreased by $234, or 38%, to $384, as compared to $618 for the three months ended September 30, 2022. The decrease in operating expenses was primarily due to a decrease in cost of revenue of $96 and a decrease in general and administrative expenses of $138.

The decrease in cost of revenue of $96 or 43% to $128 for the three months ended September 30, 2023, as compared to $224 for the three months ended September 30, 2022 was primarily due to decreased electricity costs. The decrease in general and administrative expenses of $138 or 35%, to $256 for the three months ended September 30, 2023, as compared to $394 for the three months ended September 30, 2022, was primarily due to a decrease in insurance, legal fees and periodic lease costs.

Other Income and Expense

For the three months ended September 30, 2023, non–operating income of $993 consisted primarily of a gain in fair value of warrants derivative liability of $250, a gain in change in fair value of derivative liability of $1,080, a gain on settlement of derivative of $47, a gain on settlement of debt of $10, and interest income of $2 partially offset by accretion of debt of $373 and interest expense of $23. During the comparable period ended September 30, 2022, non–operating expense of $15,944 consisted primarily of a loss on change in fair value of warrants derivative liability of $4,109, change in the fair value of the derivative liability of $6,318, accretion of debt discount of $5,339, loss on settlement of derivative of $178, commercial vendor settlement of $48, interest expense of $5, partially offset by other income of $52 and interest income of $1.

Nine months ended September 30, 2023 and 2022

Revenues

Our revenues for the nine months ended September 30, 2023 decreased by $388, or 57%, to $297 as compared to $685 for the nine months ended September 30, 2022. Our revenue is derived from cryptocurrency mining, which totaled $57 for the nine months ended September 30, 2023 and $152 during the nine months ended September 30, 2022. The decrease in mining revenues is due to a decrease in miners from the previous year.

We also receive revenues from third parties renting capacity at our facility and from hosting miners owned by others. The company recognized $240 and $533 during the nine months ended September 30, 2023 and 2022, respectively. The decrease in hosting revenues for this period is due to a decrease in customers from the previous year.

Because our revenue is dependent upon mining and related activities with respect to Bitcoin, and the price and market for Bitcoin and other cryptocurrencies remain volatile and uncertain due to numerous factors including the lack of widespread acceptance of Bitcoin, regulatory actions that have or may be implemented or considered with respect thereto, and general economic conditions including the potential for a recession in the near term, management cannot predict, estimate or advise with certainty the revenue trends that the Company may experience in its current or any future operations following the periods covered in this Report.

Operating Expenses

Operating expenses for the nine months ended September 30, 2023 decreased by $1,337, or 49%, to $1,366 as compared to $2,703 for the nine months ended September 30, 2022. The decrease in operating expenses was primarily due to a decrease in cost of revenue of $1,168 and a decrease in general and administrative expenses of $169.

The decrease in cost of revenue of $1,168, or 77%, to $355, as compared to $1,523 for the nine months ended September 30, 2022 was primarily due to decreased electricity costs. The decrease in general and administrative expenses of $169, or 14%, to $1,011 as compared to $1,180 for the nine months ended September 30, 2022, was primarily due to decreases in insurance, legal fees and periodic lease costs.

Other Income and Expense

For the nine months ended September 30, 2023, non–operating income of $390 consisted primarily of a gain in change in fair value of derivative liability of $1,324, a gain in fair value of warrants derivative liability of $166, a gain on exchange of property and equipment of $70, a gain on settlement of debt of $10 and interest income of $2 partially offset by accretion of debt of $715, a loss on settlement of derivative of $215, lease incentive loss of $184, and interest expense of $68. During the comparable period ended September 30, 2022, non–operating expense of $15,881 consisted primarily of a loss on change in fair value of warrants derivative liability of $3,517, change in the fair value of derivative liability of $6,318, accretion of debt discount of $5,339, loss on settlement of derivative of $757, and interest expense of $5, partially offset by other income of $52 and interest income of $3.

Liquidity and capital resources

Sources of Liquidity

We have historically financed our business through the sale of debt and equity interests. In September 2022, we raised $1,335 from the sale of a $1,500 Original Issue Discount Secured Convertible Promissory Note (the “Note”). The Note: (i) is convertible into 30% of the Company’s outstanding shares of the Company’s common stock on the conversion date of the Note on a post-conversion basis, (ii) matures December 31, 2023 and (iii) bears an interest rate of 6% per annum. In addition, the Company issued to the investor three series of warrants of which each of the warrants is exercisable into 60% of the Conversion Shares. In August 2022, the Company also issued to one investor 22,800,000 shares of common stock and 22,800,000 warrants to purchase common stock for consideration of $228.

On March 16, 2023 the Company entered into a partnership agreement and a property lease agreement with another cryptocurrency mining company (See Note 9 to the financial statements). Pursuant to the lease agreement, the Company agreed to lease Spaces of the Company's six acre mining facility for rental payments of $5 per Space per month and payment of the electricity costs and deposit requirements arising from the Spaces. In connection with the Lease Agreement, Tenant agreed to make an initial deposit of $229 for the initial electricity deployment for five MW.

Pursuant to the partnership agreement, the Company agreed to issue 500,000 shares of its common stock per month for each rented Space, and to also issue an additional number of shares of common stock annually equal to shares issued during the year under the agreement. During the nine months ended September 30, 2023, the Company received $220, issued 22 million shares of common stock under these agreements. Lease payments received under these agreements are treated as sales of equity in the Company's financial statements.

We have incurred significant operating losses since inception and continue to generate losses from operations and as of September 30, 2023 have an accumulated deficit of $426,585. At September 30, 2023, our cash and cash equivalents were $274 of which $250 was restricted, and our working capital deficit was $4,302.

The Company will need to raise additional capital to fund operating losses and grow its operations. There can be no assurance however that the Company will be able to raise additional capital when needed, or at terms deemed acceptable, if at all. The Company's ability to raise additional capital will also be impacted by the volatility of Bitcoin and the ongoing SEC enforcement action against our Chief Executive Officer, both of which are highly uncertain, cannot be predicted and could have an adverse effect on the Company's business and financial condition. The issuance of any additional shares of Common Stock, preferred stock or convertible securities could be substantially dilutive to our shareholders. Such factors raise substantial doubt about the Company's ability to sustain operations for at least one year from the issuance of these audited financial statements. The accompanying unaudited condensed financial statements do not include any adjustments related to the recoverability and classification of asset amounts or the classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The price of Bitcoin is volatile, and fluctuations are expected. Declines in the price of Bitcoin have had a negative impact in our operating results and liquidity and could harm the price of our common stock. Movements may be influenced by various factors, including, but not limited to, government regulation, security breaches experienced by service providers, as well as political and economic uncertainties around the world. Since we record revenues partly based on the price of earned Bitcoin and we may retain such Bitcoin as an asset or as payment for future expenses, the relative value of such revenues may fluctuate, as will the value of any Bitcoin we retain.

The high and low exchange rate per Bitcoin for the quarter ending September 30, 2023, as reported by Blockchain.info, were approximately $25 and $31 respectively. The high and low exchange rate per Bitcoin for the year ending December 31, 2022, as reported by Blockchain.info, were approximately $48 and $16 respectively.

COVID-19 pandemic:

The COVID-19 pandemic has disrupted and may continue to disrupt our operations and those of our vendors, suppliers and other third parties on which we rely, and we may not be able to obtain new miners or replacement parts for our existing miners in a timely or cost-effective manner, which could materially and adversely affect our business and results of operations.

The extent to which COVID-19 impacts our operations or our ability to obtain financing will depend on future developments which are uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions taken by governments and private businesses to contain COVID-19 to treat its impact, among others. If the disruptions posed by COVID-19 continue for an extended period of time, financial markets may not be available to the Company for raising capital in order to fund future growth. Should the Company not be able to obtain financing in the amounts necessary or under terms which are economically feasible, we may be required to reduce planned future growth and/or the scope of our operations.

Cash Flows

	Nine Months ended September 30,	
	2023	**2022**
Cash provided by / (used in)		
Operating activities	$ (304)	$ (1,436)
Investing activities	-	(68)
Financing activities	40	1,525
Net increase (decrease) in cash and cash equivalents	**$ (264)**	**$ 21**

Operating activities

Net cash used in operating activities was $304 for the nine months ended September 30, 2023 as compared to net cash used in operating activities of $1,436 for the nine months ended September 30, 2022. Cash used in operating activities for the nine months ended September 30, 2023 primarily consisted of net loss of $679 adjusted by non-cash activities of $264 which includes gain on the change in fair value of derivative liability of $1,324, gain in fair value of warrant derivative liability of $166, gain on sale of property and equipment of $70 and gain on settlement of debt of $10, partially offset by accretion of debt discount of $715, loss on settlement of derivative of $215, depreciation of $192 and loss on lease incentive of $184, and cash provided by working capital of $639.

Net cash used in operating activities for the nine months ended September 30, 2022 primarily consisted of a net loss of $17,899 offset by non-cash charges of $16,078 which includes depreciation of $147, loss on settlement of derivative of $757, amortization of note discount of $5,339, change in fair value of derivative liability of $6,318, and change in fair value of warrant derivative liability of $3,517 and cash provided by changes in working capital of $385.

Investing activities

Net cash used in investing activities was $0 for the nine months ended September 30, 2023.

Net cash used in investing activities was $68 for the nine months ended September 30, 2022 which consisted of purchases of property and equipment of $68.

Financing activities

Net cash provided by financing activities was $40 for the nine months ended September 30, 2023 which consisted of cash proceeds for the issuance of common shares under the lease agreement of $220 and proceeds from notes payable, related party of $20 offset by the repayment of a bank loan of $200.

Net cash provided by financing activities was $1,525 for the nine months ended September 30, 2022 which consisted of proceeds from convertible note payable of $1,335, proceeds from sale of stock under equity purchase agreement net of issuance costs of $228, and proceeds from loans payable of $33, partially off-set by repayment of loan payable of $71.

Off–balance sheet arrangements

As of September 30, 2023, we had no obligations, assets or liabilities which would be considered off–balance sheet arrangements. We do not participate in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off–balance sheet arrangements.

Item 3. Quantitative and qualitative disclosures about market risk

The Company is not exposed to market risk related to interest rates on foreign currencies.

Item 4. Controls and procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified under the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer, as appropriate to allow timely decisions regarding required disclosures. As required by paragraph (b) of Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer (our principal executive officer and principal financial officer) carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2023. Based on this evaluation, our Chief Executive Officer concluded that our disclosure controls and procedures (as defined in paragraph (e) of Rules 13a-15 and 15d-15 under the Exchange Act) were not effective as September 30, 2023 due to the following material weakness in our internal control over financial reporting: Our small number of employees does not allow for sufficient segregation of duties and independent review of duties performed.

Limitations on Internal Control over Financial Reporting

An internal control system over financial reporting has inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Management's Quarterly Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f) and 15d-15(f). Internal control over financial reporting is a process used to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with generally accepted accounting principles in the United States. Internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of our financial statements in accordance with generally accepted accounting principles in the United States, and that our receipts and expenditures are being made only in accordance with the authorization of our board of directors and management; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Under the supervision and with the participation of our management, including our Chief Executive Officer (our principal executive officer and principal financial officer), we performed a complete documentation of the Company's significant processes and key controls, and conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on this evaluation, management concluded that our internal control over financial reporting was not effective as of September 30, 2023.

Changes in Internal Control over Financial Reporting

During the quarter ended September 30, 2023, there were no changes to internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal proceedings

From time-to-time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. During the period covered by this report, there were no material changes to the description of legal proceedings set forth in our Annual Report on Form 10-K, as filed with the SEC on March 31, 2023.

Item 1A. Risk factors

There are no additional risk factors other than those discussed in our Annual Report on Form 10–K, as filed with the SEC on March 31, 2023.

Item 2. Unregistered sales of equity securities and use of proceeds

During the nine months ended September 30, 2023, 29,174,134 warrants were exercised on a cashless basis for the issuance of 51,400,000 shares of common stock. In issuing the securities described above, the Company relied upon the exemption from registration provided by Section 3(a)(9) of the Securities Act of 1933, as amended.

During the nine months ended September 30, 2023, the Company issued 22,000,000 to Minerset Farms in accordance with the terms of the Agreement. In issuing the securities described above, the Company relied upon the exemption from registration provided by Section 3(a)(9) of the Securities Act of 1933, as amended .

On July 20, 2023, the Company issued 11,400,000 shares of common stock as part of the settlement of 22,800,000 outstanding warrants.

On July 25, 2023, 20,000,000 shares of common stock were issued for the partial conversion of the September 2022 Note.

Item 3. Defaults upon senior securities

None.

Item 4. Mine safety disclosures

Not applicable.

Item 5. Other information

None.

Item 6. Exhibits

31	Certification pursuant to Section 302 of the Sarbanes–Oxley Act of 2002 of Principal Executive Officer and Principal Financial Officer*
32	Certification pursuant to Section 906 of the Sarbanes–Oxley Act of 2002 of Principal Executive Officer and Principal Financial Officer*
101.INS	Inline XBRL Instance Document*
101.SCH	Inline XBRL Taxonomy Extension Schema*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document*
104	Cover Page Interactive Data File*
*	Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MGT CAPITAL INVESTMENTS, INC

Date: December 13, 2023

By: */s/ Robert B. Ladd*

Robert B. Ladd
President, Chief Executive Officer and Acting Chief Financial Officer
(Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)